

STATE CONTROLLER'S
UNIFORM SYSTEM OF ACCOUNTS FOR
GENERAL INFORMATION

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STATE CONTROLLER

DIVISION OF ACCOUNTING AND REPORTING

GENERAL INFORMATION

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- 1001 Authority. These accounting systems are in compliance with Section 53891 of the Government Code, which requires the State Controller to prescribe uniform accounting and reporting procedures which shall be applicable to all special districts, except as exempted. Eligibility for exemption and the procedure for obtaining it are explained in section 1011. Essential features of the several accounting systems are located in Sections 1031.1-1114.1 of the California Administrative Code.
- 1002 Advisory Committee. The requirements herein prescribed have been approved by the Advisory Committee to the State Controller on Reporting of Financial Transactions of Local Government Agencies, as required by Section 53891 of the Government Code.
- 1003 Purpose. The purpose of the accounts and procedures is to furnish a common accounting and reporting framework for all special districts within a designated class, flexible enough to accomodate any legal freedoms of action and needs of individual districts.
- 1004 Application of this Part. Information in sections 1001-1013 is an integral part of all prescribed accounting systems.
- 1005 Accounting principles. Generally accepted principles and conventions of governmental accounting, as set forth in Municipal Accounting and Auditing, published by the National Committee on Governmental Accounting, have been employed in the development of the several systems. Various other publications have been used in specialized areas.
- 1006 Accounting method. This accounting method with a general ledger with a self-balancing group of accounts is prescribed.
- 1007 Account code numbers. Fund and account numbers are used in each of the accounting systems for reference purposes. These are not an integral part of the systems. Each district may devise the system of coding regarded as most useful in its circumstances. Account titles, however, are mandatory.
- 1008 Two or more activities. The following policy governs the accounting for districts engaged in two or more activities:
- (1) A district performing a recognized utility activity must account for that activity under one of the systems prescribed in Parts 2000-8000.
 - (2) Such a district may account for its non-utility activities on an enterprise basis, if desired. However, each activity must be reported to the State Controller according to the basis prescribed by him for that activity.
- 1009 Materiality. The test of materiality is implicit in each system. Small amounts may be accorded a convenience treatment, so long as the possible distortion of financial position and results of operations is negligible.

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- 1010 Consistency. Each system includes accounting situations over which the individual district may exercise an opinion. Whenever a change has been made from one acceptable practice to another and the effects on the accounts involved are significant, disclosure is required in reports and financial statements.
- 1011 Exemption procedure. Section 53891 of the Government Code provides that districts which substantially follow a system of accounting prescribed by the Public Utilities Commission of the State of California or the Federal Power Commission may be exempted from the uniform accounting requirements prescribed by the State Controller. Three documents must be submitted:
- (1) A resolution in the prescribed form.
 - (2) A copy of its chart of accounts.
 - (3) A copy of its most recent independent audit report.
- The Controller's Advisory Committee will recommend granting or denying the exemption.
- 1012 Interest on bond proceeds. When bond proceeds are invested prior to their use for the purpose for which the bonds were issued the earnings shall be applied toward debt service as indicated in Section 29303 of the Government Code, unless a different disposition is prescribed in law or in the resolution authorizing the bonds. (Effective only with respect to bonds issued on or after the effective date of each accounting system)
- 1013 Priority of legal requirements. When a legal requirement imposed by these systems of accounts is in conflict with requirements of State Codes, bond indentures, contractual arrangements with other governmental agencies, or other legal requirements, the latter shall have priority.
- 1014 Organizations subject. Under Section 12463.1 of the Government Code certain organizations are required to report as special districts and are therefore subject to the uniform accounting requirements:
- (1) Redevelopment agencies which have issued bonds.
 - (2) Joint powers entities.
 - (3) Nonprofit corporations which have issued bonds to construct a facility for lease to a local public entity.
- Redevelopment agencies shall follow the accounting system prescribed by the U.S. Department of Housing and Urban Development. Nonprofit corporations shall follow the "9000" accounting system. Joint powers entities shall use that system most appropriate to their activities, normally the "9000" system.
- 1015 Assets held under lease agreements. A district shall account for and report leases of assets from others as follows. If the lease is a non-cancellable financing arrangement under which the lessee acquires the facility, the asset shall be capitalized and the related liability recorded, both in the amount of total payments due, less interest included. If the lease is cancellable or no property or other rights of value accrue to the district, periodic payments are charged to expense.

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- 1016 Accounting by district lessor. A district, including a joint powers or nonprofit agency required to report as a district under Section 12463.1 of the Government Code, shall account and report leases of assets to others as follows. If the lease is a noncancellable financing arrangement under which the lessee acquires the facility, the total of the payments due, less interest included, is recorded as a receivable and interest as revenue when earned or received. If the lease is cancellable or no property or other rights of value accrue to the lessee, periodic payments are recorded as revenue.